

5 IN THE UNITED STATES PATENT OFFICE

10 Inventor : Stephen Michael REUNING
Filing Date: 03 July 2001
Ser. No.: 09/897,826
Examiner: Samuel G. RIMELL, Esq.
Art Unit: 2175

15 Honorable Commissioner of Patents
Box - Appeal Brief
Washington, DC 20231

20 APPEAL BRIEF

This APPEAL BRIEF is submitted in response to the 21 Oct. 2002 OFFICE ACTION.

1 REAL PARTY IN INTEREST

The real party in interest is the applicant inventor.

2 RELATED APPEALS AND INTERFERENCES

25 There are no related appeals nor interferences which will directly affect nor be directly affected by nor have a bearing on the Board's decision in this appeal.

3 STATUS OF CLAIMS

Claims 1-19 are pending. Claims 4-5 stand objected to. Claims 1-3 and 6-19 stand twice rejected.

30 **4 STATUS OF AMENDMENTS**

There are no pending claim amendments.

5 SUMMARY OF INVENTION

5.1 The Prior Art

This invention relates to headhunting on the internet.

The prior art includes various data bases where job openings can be listed and candidates
5 can submit resumes. This art includes non-computer art, such as newspaper and radio help-
wanted classifieds. The prior art also includes computer systems like internet based job-opening
or resume databases. Examples include Jeffrey C. TAYLOR, United States Letters Patent No.
5,832,497 (3 Nov. 1998). The computer-based art, however, functions simply as an electronic
10 analog of newspaper classified advertising, advertising job openings and accepting resumes. The
prior art requires a potential candidate to search for job openings (in the newspaper classifieds,
for example, or the internet), write a resume, and then submit the resume to a newspaper or
internet site for storage in a data base and review. Potential candidates, who do not do this, do
not show up. Thus, employers never get a chance to consider them.

This is unfortunate, because the very best candidates often are not constantly seeking
15 employment, and thus never get considered when a particular job becomes available. These
candidates will not necessarily search the information posted in the employment classified ads,
nor the various internet job sites. Further, because these potentially excellent candidates may not
be actively seeking employment, they may not have a resume.

The claimed invention solves this problem. Rather than forcing a candidate to actively
20 seek employment, the claimed invention can actually search for and find potential candidates –
even candidates who are not actively seeking employment, and do not have a resume. That's
why Mr. REUNING calls his invention a "candidate chaser" – it chases good talent down, rather
than waiting for good talent to find it. Thus, in contrast to the prior art, the claimed invention
dispenses entirely with the requirement for a resume, a resume database, and a user interface
25 required to ease resume entry into the database. Unlike the prior art, the claimed invention can
work without these structures at all.

How the claimed invention does this, is summarized in the SPECIFICATION at page 5, lines
2-13. The invention (a) locates Internet web postings that contain operator specified keywords
(e.g., Boolean search terms); and (b) from those web postings, extracts the e-mail address, so that

(c) an e-mail may be sent to the extracted e-mail address, advertising a given specific job opening. The claimed system does not require candidates to post resumes. Rather, the claimed system can "review[]" data contained on Internet web sites, newsgroup postings and other data sources that may exist ... on the net." SPECIFICATION at 5, lines 16-21.

5 The process is described in the claims. Claim 1 reads:

1. A system for locating an individual with specifically defined professional qualifications, the system comprising:
 - a. a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications, and
 - 10 b. an e-mail address extractor that can extract an e-mail address from said web page.

Thus, the claimed invention entails two elements – a filter and an e-mail address extractor. These elements are put together to make a novel combination. This new combination achieves a
15 result qualitatively different than that achievable using prior art approaches.

5.2 Conclusion

The six year prosecution of this case has addressed dozens of patent and non-patent references. See REUNING, S.M., U.S. Letters Patent No. 6,381,592 (copy attached). The Office has concluded that the most-relevant reference is Jeffrey C. TAYLOR, U.S. Letters Patent
20 5,832,497.

The Office reviewed TAYLOR and said that TAYLOR does not teach an e-mail address extractor. REASONS FOR ALLOWANCE at 2 (29 June 2001). The Office also reviewed the claim language and found it statutory. Based on this, the Office allowed the parent patent application.

Now, in reviewing this continuation application, the Office seeks to contradict its earlier
25 factual findings. The 21 October 2002 OFFICE ACTION rejects the claims over TAYLOR, and rejects claim language as vague.

These rejections *should* be reversed because they are factually incorrect. Furthermore, the rejections *must* be reversed as a matter of law, because they are illegal.

6 ISSUES

6.1 The Issues Presented

The issues presented in this case fall into two classes: issues relating Section 112, second paragraph, and issues relating to TAYLOR.

5 6.1.1 Section 112 Issues

Whether issuing a parent patent constitutes a finding that the claim terms used are not vague under 35 USC 112, second paragraph, when those claim terms are copied into a continuation application?

10 Whether granting a PETITION TO MAKE SPECIAL based on “rigidly comparing” the application claim to an allegedly infringing device, is a concession that the claim is clear enough to “rigidly compare” to an allegedly infringing device, and therefore not vague under 35 USC 112, second paragraph

Whether rejecting a claim over prior art is a concession that the claim is clear enough to compare to the prior art, and therefore a concession that the claim is not vague under 35 USC 15 112, second paragraph?

Whether a claim can be rejected under Section 112, second paragraph where the OFFICE ACTION does not propose any “improved mode of definition” for the disputed claim term?

Whether the OFFICE ACTION has pled a *prima facie* case that the claim terms “advanced natural language screening technology” and “as many linking levels as desired” are vague?

20 6.1.2 Prior Art Issues

Whether issuing a NOTICE OF ALLOWANCE reciting specific factual reasons for allowance precludes the Office from later contesting those facts?

Whether TAYLOR teaches “a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications”?

25 Whether TAYLOR teaches “an e-mail address extractor that can extract an e-mail address from said web page”?

Whether a claim may be rejected based on a reference not of record?

Whether a claim may be rejected based on unsupported “Official Notice”?

6.2 The Reference Relied on by the Examiner

The Examiner relies on Jeffrey C. TAYLOR, United States Letters Patent No. 5,832,497. TAYLOR teaches a “system for posting job advertisements which includes a search mechanism and which allows applicants to submit, via on-line access, resumes and apply for the jobs.” *Id.* at
5 col. 1, lines 8-11. TAYLOR teaches using two databases: a job-opening database, and a resume database:

10 The system manages a data base of job postings. Each posting is stored in a job record, and the system is capable of searching on a plurality of keys in the job record to identify a job suitable to a particular applicant. The system then facilitates creation of a resume record and designation of a resume record for an accessible resume base or a selected job record. Finally, the system permits query of a resume base in order to identify recruitment candidates for job positions.

15 *Id.* at Abstract. TAYLOR is newspaper classified advertising put on-line. TAYLOR requires an on-line job opening data base, requires the applicant to review this data base, and requires the applicant to submit resume data to a resume database. The claimed invention does not.

Further, TAYLOR does not teach a filter not an e-mail address extractor. The Office said so:

20 This invention teaches the combination of comparing text against professional qualifications and electronically extracting e-mail addresses when those qualifications are met Taylor only performs the comparison of text and does not suggest any extraction step involving e-mail data. There is no evidence that it would have been obvious to modify Taylor to perform extraction of e-mail addresses.

25 REASONS FOR ALLOWANCE at page 2, ¶ 3 (29 June 2001) (copy attached). The Office now argues that the Office’s own factual finding should be binding on the Applicant, but not binding on the Office. This argument is creative, but is not new— the Supreme Court has already addressed this issue, and said it is illegal.

30 **7 GROUPING OF CLAIMS**

The claims are each separately patentable, as explained in the following Argument.

8 ARGUMENT

We address the 35 USC 112 issues first. Second, we address TAYLOR.

9 THE 112 SECOND PARAGRAPH REJECTIONS

Claims 9-12 and 16-19 stand rejected under 35 USC 112, second paragraph. The OFFICE
5 ACTION argues that the terms “natural language screening” and “as many linking levels as
desired” are vague.

These rejections *must* be reversed, because the Office has already found these terms
statutory. The rejections *should* be reversed, because they are factually unsupported.

9.1 The rejections must be reversed because
10 the Office has already conceded the
disputed terms are not vague

The rejections must be reversed because the Office has already found the disputed terms
statutory. The immediate application is a continuation of U.S. LETTERS PATENT NO. 6,381,592
(copy enclosed). The ‘592 patent contains the claim term “natural language screening.” This
15 claim term is statutory, because it is recited in issued patent claims. Because this language was
found statutory in the ‘592 patent, the Office cannot now object to it in the continuation
application.

Furthermore, Applicant filed a PETITION TO MAKE SPECIAL based on infringement. The
PETITION notes that the infringing system “uses advanced natural language screening
20 technology.” PETITION TO MAKE SPECIAL at 4, line 6-7 (15 Feb. 2000) (copy attached). In
reviewing the PETITION, the Office reviewed “a rigid comparison of the alleged infringing
device, product or method *with the claims of the application.*” DECISION ON PETITION TO MAKE
SPECIAL ¶ 2 (22 Mar. 2000) (emphasis added) (copy attached). A “rigid comparison of the
claims” requires, *de jure*, that the claims be clear. *See, e.g., In re Steele*, 305 F.2d 859 (C.C.P.A.
25 1962) (claims cannot be compared to prior art references based on a speculative claim
interpretation). Here, because the Office granted the PETITION, the Office conceded that the
claim language is not vague.

9.2 The rejections are factually unsupported

The Office bears the burden of establishing a *prima facie* case that the disputed terms are vague. The Office has not done this. To the contrary, the OFFICE ACTION explains the clear meaning of the disputed terms. In so arguing, the OFFICE ACTION establishes a *prima facie* case that the terms are clear.

The OFFICE ACTION says the phrase “as many linking levels as desired” means “encompass one level, multiple levels, or no levels at all.” OFFICE ACTION at 2 (12 June 02). The OFFICE ACTION says this “is broad enough to allow for extraction of e-mail from zero linking levels.” *Id.* at 3. This is correct. Similarly, the Office says that in natural language searching, “the keywords are natural language, the iterative search engine performs its query processing based on a processing of natural language.” *Id.* at 3. This is correct. The OFFICE ACTION thus establishes a *prima facie* case that the disputed terms are clear – not vague.

Furthermore, the uncontroverted factual record in this case shows that the phrase “advanced natural language screening technology” is understood in the art. For example, the web-site for WebHire, Inc. says “It uses *advanced natural language screening technology* to filter out non-relevant information, while uncovering the resumes other research tools miss.” See PETITION TO MAKE SPECIAL at page 4, line 6-9 (italics added). This evidence shows the phrase is understood in the art. This evidence - the *only* on-point evidence of record - shows that the phrase is understood in the art.

Furthermore, as part of establishing a *prima facie* case, the Office bears the burden of proposing alternative language which would be more clear than the disputed term:

In cases where a sound rejection on the basis of prior art which discloses the “heart” of the invention (as distinguished from prior art which merely meets the terms of the claims), secondary rejections on minor technical grounds should ordinarily not be made. Certain technical rejections (e.g. negative limitations, indefiniteness) should not be made where the examiner, recognizing the limitations of the English language, is not aware of an improved mode of definition.

MANUAL PATENT EXAM. PROC. § 707.07(g) (2001). Here, the OFFICE ACTION does not propose any “improved mode of definition.” Because the Office has not even suggested an “improved mode,” the indefiniteness rejection “should not be made.” *Id.*

The OFFICE ACTION itself, and the only evidence of record, show that the claims are clear. The Section 112 rejections should thus be withdrawn.

10 THE REJECTIONS OVER TAYLOR

Claims 1-3 and 6-19 stand rejected over TAYLOR. These rejections must be withdrawn,
5 because the Office has already found TAYLOR does not anticipate the claims. These rejections should be withdrawn, because they are factually unsupported.

Claim 1 reads, "A system . . . comprising: a. a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications, and b. an e-mail address extractor that can extract an e-mail address from said web page" (emphasis
10 added). Claim 1 thus requires both a filter and an e-mail address extractor. TAYLOR has neither.

10.1 TAYLOR does not teach a "filter that can search a web page"

Claim 1 requires, "a filter that can search a web page to identify in said web page the
15 presence or absence of specifically defined professional qualifications." TAYLOR teaches identifying professional qualifications. TAYLOR does not, however, do this with "a filter that can search a web page." Rather, TAYLOR teaches doing this by having the job applicant submit their professional qualifications into a searchable resume database. Taylor explains:

20 The resume base (105) is an electronically stored database. The resume base is a collection of resumes stored in electronically readable memory. The resume records will advantageously include fields specifying name, address, telephone number, E-mail address and narrative fields.

Id. at col. 5, lines 30-35. TAYLOR thus requires the job applicant to enter their professional
25 qualifications in a resume database. TAYLOR thus requires a potential candidate to write a resume and then submit the resume for storage in a data base. Potential candidates who do not do this, do not show up in the database.

For any job opening, however, many potentially excellent candidates may not be actively
30 seeking employment when the job becomes available. Because these potentially excellent candidates may not be actively seeking employment, they may not circulate their resumes

widely, if at all. Thus, employers never get a chance to consider these candidates. This is unfortunate, because the very best candidates often are not currently seeking employment, and thus never get considered.

5 The claimed invention solves this problem. Rather than forcing a candidate to actively seek employment, the claimed invention can search for and find potential candidates – even candidates who are not actively seeking employment, and do not have a resume prepared at all. That’s why Mr. REUNING calls his invention a “candidate chaser” – it chases good talent down, finding good talent by searching the web, rather than waiting for good talent to find it. The claimed invention can do this because it has “a filter that can search a web page to identify in
10 said web page the presence or absence of specifically defined professional qualifications.” Thus, the claimed invention dispenses entirely with the requirement for a written resume, a resume data structure, and a user interface required to ease resume uploading into the database. Unlike TAYLOR, the claimed invention can work without these structures at all.

15 The OFFICE ACTION alleges that in TAYLOR “the iterative search engine (106) locates a web page.” OFFICE ACTION at 3, line 8 (12 June 2002). This is baseless speculation.

TAYLOR teaches an iterative search engine (element 106). The search engine (106) handles queries to the resume and job-opening database. TAYLOR explains:

20 The system will also include an iterative search engine 106 which handles queries to the *resume and job data base*. . . . The resume management / job management module 104 and the iterative search engine 106 may be implemented through commercially available *database management systems*.

25 TAYLOR at col. 4, lines 6-14 (italics added). Element 106 searches a *database*. Element 106 does not search *web pages*. Nothing in TAYLOR says it does. Therefore, element 106 is not “a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications.” Because TAYLOR does not teach this, TAYLOR cannot anticipate the claims.

10.2 TAYLOR does not teach an
"e-mail address extractor"

Taylor teaches obtaining e-mail address by having job applicants enter them into the resume data base. Taylor explains:

5 The resume base (105) is an electronically stored database. The resume base is a collection of resumes stored in electronically readable memory. The resume records will advantageously include fields specifying name, address, telephone number, E-mail address and narrative fields.

10 Id. at col. 5, lines 30-35. TAYLOR thus requires the job applicant to enter their E-mail address (together with their name, address and telephone number) in a resume base. Potential candidates who do not do this, do not show up in the TAYLOR resume base. This is why the Office conceded that TAYLOR does not teach extraction of e-mail addresses from web content (nor anywhere else):

15 This invention teaches the combination of comparing text against professional qualifications and electronically extracting e-mail addresses when those qualifications are met Taylor only performs the comparison of text and does not suggest any extraction step involving e-mail data. There is no evidence that it would have been obvious to modify Taylor to perform extraction of e-mail
20 addresses.

REASONS FOR ALLOWANCE at page 2, ¶3 (29 June 2001) (copy enclosed).

Now, however, the Office seeks to reverse position. This is illegal, because the Office is bound by its own prior decision. In re Lundberg and Zuschlag, 126 USPQ 412, 414 (CCPA
25 1960) (copy attached) ("patentability over the prior art is not reconsidered as a virgin problem. On the contrary, the prior decision stands, right or wrong, for all disputed issues there decided.").

10.2.1 Collateral Estoppel¹

Collateral estoppel¹ arises when an issue of fact is litigated to a final judgment, and that fact is essential to the final judgment. Collateral estoppel applies to Patent Office proceedings.

30 The Supreme Court says so:

While the rules that govern the finality and conclusiveness of adjudications at the common law do not apply, in the strict sense, to administrative or quasi-judicial

¹ Collateral estoppel, also called "issue preclusion," is a species of "*res judicata*."

5 action in the Executive Departments of Government, yet in administrative action,
as well as in judicial proceeding, it is both expedient and necessary that there
should be an end of controversy. Sometimes, the element of finality is inherent in
the nature of the action taken; as, for example, when letters patent have been
10 granted, they may not be recalled, and the rights of the parties holding them again
investigated. *Where rights have become vested as a result of legitimate executive
action, such action is necessarily final*, and it is not competent thereafter for
executive action to divest them, either by way of a review of the proceedings or
by any new proceedings instituted with that view. Especially is this principle
applicable to the proceedings of the Patent Office, which are so nearly akin to
judicial proceedings as to be most appropriately designated as quasi-judicial.

Overland Motor Co. v. Packard Motor Co., 274 U.S. 417, 421 (1927) (emphasis added); *accord*,
Texas Instr. v. Cypress Semiconductor Corp., 90 F.3d 1558, 1568 (Fed. Cir. 1996). Collateral
15 estoppel prohibits the Office from re-litigating factual issues which have already been decided.
Collateral estoppel is thus “*an absolute bar* to relitigation, not only of those matters actually
litigated in the prior suit, but also any other matter which might have been acted upon in the prior
suit.” Schwartz, S.D., *Res Judicata As Applied in Patent Office Prosecution*, 159 J. PAT. OFF.
SOC. 637, 638 (1967).

20 Here, the Patent Office has already found that TAYLOR “does not suggest any extraction
step involving e-mail data.” REASONS FOR ALLOWANCE at 2 (29 June 2001). That factual
finding is essential to the final judgment (the decision to grant the ‘592 patent). Thus, there is an
absolute bar prohibiting the Office from contesting its own earlier finding. Schwartz, *ibid*.

This result is good policy. Forcing Applicant to repeatedly litigate the same factual issue
25 is a “misallocation of resources.” Blonder-Tongue, Inc. v. Univ. of Illinois Foundation, 169
USPQ 513, 519 (U.S. 1971). Permitting the Office to repeatedly dispute the same issue “reflects
either the aura of [a] gaming table or ‘lack of discipline and of disinterestedness’ on the part of
the [Patent Office].” *Id.* (noting that collateral estoppel is for “the prevention of harassment” of a
party). Here, the spurious rejections raised in the *five* OFFICE ACTIONS in this case since its
30 original filing, waste resources and even evince “lack of disinterestedness” or even “harassment”
by the Office. The Board should not let the patent examination process degenerate into a
“gaming table” of unfounded rejections.

10.2.2 Claims cannot be rejected over a
reference not of record

The rejection must be withdrawn as a matter of law because the rejection relies on a reference not of record.

5 TAYLOR was filed 10 August 1995. TAYLOR says, "A system according to the invention has been made accessible through the world wide web." *Id.* at col. 6, lines 58-60.

The quoted sentence does not mention the word "e-mail," let alone "extraction." Nonetheless, the OFFICE ACTION asserts that this sentence discloses e-mail address extraction. The OFFICE ACTION argues that in the website referred to, "e-mail addresses are presented as
10 hyperlinks. Clicking on such a hyperlink pops up an e-mail system which extracts the e-mail address and creates an email to be sent to the e-mail address spelled out by the hyperlink. This e-mail system thus serves as an e-mail extractor." OFFICE ACTION at 3 (21 Oct. 2002). The OFFICE ACTION elaborates,

15 Taylor's existing e-mail system reads as the extractor. Examiner is not stating that this feature is an obvious modification, but rather, that it is anticipated by Taylor. This feature derives from the incorporation by reference of the Monster.com website (col. 6, lines 58-60), in which e-mail addresses are presented to the user in the form of hyperlinks. When the user clicks on the
20 hyperlinked address, the e-mail address is extracted and used to set up an e-mail with the user's own e-mail system. Thus, the user's e-mail system effectively functions as an e-mail extractor when the user is accessing the Monster.com website.

Id. at 6. Thus, the OFFICE ACTION alleges that in the 1995 Monster.com website: (i) "e-mail
25 addresses are presented to the user," (ii) "e-mail addresses are presented in the form of hyperlinks," (iii) "when the user clicks on the hyperlinked address, the e-mail address is extracted," (iv) "when the user clicks on the hyperlinked address, the e-mail address is used to set up an e-mail with the user's own e-mail system," and (v) "the user's e-mail system effectively functions as an e-mail extractor when the user is accessing the Monster.com website."

These factual allegations are unsupported, because the 1995 website is not of record.² The Office has not only refused to make it of record, the Office refuses to even provide a copy to the Applicant for review. Office speculation on what a website did or did not do in 1995 is speculation. This is reversible error.

5 The OFFICE ACTION claims that the 1995 website need not be made of record, nor provided to the Applicant, because the 1995 website is “incorporated by reference” into TAYLOR. It is not. TAYLOR (at col. 6, lines 58-60) says the website is “A system according to the invention.” TAYLOR thus says the website is the invention disclosed and claimed in the TAYLOR patent. For the TAYLOR patent, this is not “nonessential” subject matter (such as the
10 background or the state of the prior art) eligible for incorporation by reference. MANUAL PATENT EXAM. PROC. § 608.01(p)(I)(A) (2001). Rather, the web site is “essential” subject matter. *Id.* Essential subject matter cannot be “incorporated by reference” into the TAYLOR patent from a non-patent publication such as a website. MANUAL PATENT EXAM. PROC. § 608.01(p)(I)(A) (2001). Thus, the 1995 website is not be “incorporated by reference” into
15 TAYLOR. *Id.*

Rather, the exact opposite is true. Because TAYLOR is a U.S. patent, and is used to reject the claims under § 102(e), “the disclosure relied on in the rejection must be present in the issued patent.” MANUAL PATENT EXAM. PROC. § 2136.02 (2001). For example, “portions of the patent application which were cancelled” and “subject matter which is disclosed in the parent
20 application but not included in the [relied-on] continuation-in-part,” cannot be used to support a § 102(e) rejection. *Ex parte Stalego*, 154 USPQ 52 (B.P.A.I. 1966); *In re Lund*, 376 F.2d 982 (C.C.P.A. 1967). Here, the disclosure relied on – a website from 1995 – is not disclosure present in the issued patent. The examiner’s rationale is reversible error.

² These factual allegations are also incorrect. TAYLOR teaches the e-mail addresses should be entered into the resume database by the job applicant, rather than extracted from web pages by an e-mail address extractor. Thus, allegations iii and v are directly contradicted by TAYLOR.

10.3 Claims cannot be rejected on "Official Notice"

The OFFICE ACTION says that TAYLOR cannot anticipate claims 2 and 3 because TAYLOR does not teach "relevancy scoring."

5 The OFFICE ACTION, however, takes official notice that (i) "relevancy scoring for search results is very well known in the art of database searching," (ii) "It would have been obvious to one of ordinary skill in the art to modify Taylor to include relevancy scoring of results," and (iii) "relevancy scoring of results to reduce the need to review a large number of hits [] is very well known in the art." OFFICE ACTION at 4 (21 Oct. 2002). These three factual assertions are illegal.

10 Factual assertion (ii) is illegal because a suggestion to combine cannot be based on a judicially-noticed fact. Ex parte Grochowski, No. 95-1343 at 5 (B.P.A.I. June 27, 1995). Factual assertions (i) and (iii) are illegal because judicial notice cannot be used to establish what is "very well known in the art." In re Eynde, 178 USPQ 470, 474 (C.C.P.A. 1973) ("The facts concerning the state of the art are normally subject to the possibility of rational disagreement among reasonable men and **are not amenable to the taking of [judicial] notice**. If evidence of
15 the knowledge possessed by those skilled in the art is to be properly considered, it must be timely injected into the proceedings"). Allegations concerning specific "knowledge" of the prior art should be supported, and noticed facts "**should not** comprise the principle evidence upon which rejection is based." In re Ahlert, 165 USPQ 418, 420 (C.C.P.A. 1970).

20 Relying on judicial notice of what a skilled artisan would envision is reversible error. Ex parte Nouel, 158 USPQ 237 (B.P.A.I. 1967). Even the OFFICE ACTION concedes that Official Notice may be used only for facts "which are capable of instant and unquestionable demonstration as being well known in the art." OFFICE ACTION at 6 (21 Oct. 2002) (emphasis added). Applicant has asked the Office to provide an AFFIDAVIT OF REFERENCES demonstrating such "instant and unquestionable" facts. REPLY at 6 (23 July 2002). The Office has refused to
25 respond.

Because the Office has refused to produce an AFFIDAVIT OF REFERENCES, the factual assertions must be withdrawn and the rejections relying on them withdrawn.

11 SUMMARY

The Issues Presented in this case should be resolved as follows:

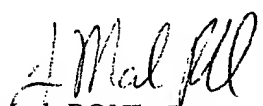
- 1) Issuing a patent constitutes a finding by the Office that the claim terms there used are statutory, if copied into a continuation application.
- 5 2) Reviewing a PETITION TO MAKE SPECIAL based on “rigidly comparing” claims to an allegedly infringing device, is a finding that the claims are clear enough to be statutory.
- 3) Rejecting a claim over prior art is a concession that the claim is clear enough to compare to the prior art, and therefore is a finding that the claim is clear enough to be statutory.
- 4) Where the OFFICE ACTION does not propose any “improved mode of definition” for the
10 disputed claim term, a claim cannot be rejected under Section 112, second paragraph.
- 5) The OFFICE ACTION in this case (i) has not established a *prima facie* case that the claim terms “advanced natural language screening technology” and “as many linking levels as desired” are vague; and (ii) has established a *prima facie* case that the claim terms
15 “advanced natural language screening technology” and “as many linking levels as desired” are statutory.
- 6) Issuing a NOTICE OF ALLOWANCE reciting specific factual findings precludes the Office from later contesting those facts.
- 7) TAYLOR does not teach “a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications.” TAYLOR
20 does not teach “an e-mail address extractor that can extract an e-mail address from said web page.” TAYLOR does not incorporate by reference the disclosure of the 1995 monster.com website.
- 8) A claim may not be rejected based on a reference not of record. The disclosure of the 1995 monster.com website is not of record.
- 25 9) A claim may not be rejected based on unsupported Official Notice, where the Applicant demands an Affidavit of References.

All pending rejections must therefore be withdrawn.

Applicant notes this application was filed in 1996. Since that time, the prosecution has entailed perhaps half a dozen OFFICE ACTIONS, reviewing several dozen patent and non-patent references. This case will not benefit from further examination nor other Office delay.

Please find enclosed (i) a NOTICE OF APPEAL; (ii) two additional copies of this APPEAL BRIEF; and (iii) a FEE TRANSMITTAL FORM with the appropriate fees.

Respectfully submitted,

10 
Mark POHL, Reg. No. 35,325
19 November 2002

15 PHARMACEUTICAL PATENT ATTORNEYS LLC
POHL & ASSOC.
55 Madison Avenue, 4th floor
Attention : Mark POHL (P 4014)
Morristown, NJ 07960-6397 USA
20 Direct: *Mark.Pohl@LicensingLaw.Net*
☎ +1 (973) 665-0275

X:\Diedre\ 09.897,826 Appeal Brief.doc

12 CLAIMS ON APPEAL

CLAIMS

I claim:

1. A system for locating an individual with specifically defined professional qualifications, the system comprising:
 - a. a filter that can search a web page to identify in said web page the presence or absence of specifically defined professional qualifications, and
 - b. an e-mail address extractor that can extract an e-mail address from said web page.
2. The system of claim 1, wherein said filter can sort a plurality of web pages and calculate a score for each said web page.
3. The system of claim 2, further comprising:
 - c. means for sending an e-mail to said extracted e-mail address.
4. The system of claim 3, wherein said filter generates a score for said web page, and wherein said means for sending e-mail automatically sends an e-mail to said extracted e-mail address if said score for said web page satisfies a predetermined threshold value.
5. The system of claim 4, wherein said e-mail comprises data on a job opportunity.
6. A method for locating an individual with a specifically defined professional qualification, the method comprising:
 - a. locating a web page which contains text identifying said professional qualification;
 - b. for web pages containing said text identifying said professional qualification, extracting from said web page an e-mail address.

7. The method of claim 6, further comprising:
 - c. sending an e-mail to said extracted e-mail address.
8. The method of claim 7, wherein said e-mail comprises data on a job opportunity.
9. The method of claim 8, wherein said e-mail address extracting further comprises extracting e-mail addresses from linked web pages, to as many linking levels as desired.
10. The method of claim 9, wherein said text identifying said professional qualification comprises a keyword or Boolean combination of keywords.
11. The method of claim 10, further comprising screening said web pages using advanced natural language screening technology.
12. The method of claim 11, wherein said advanced natural language screening technology comprises rules to identify resumes.
13. A system for locating an individual with a specifically defined professional qualification, the system comprising:
 - a. a web page locator which can locate a web page containing text identifying said professional qualification;
 - b. an e-mail address extractor.
14. The system of claim 13, further comprising:
 - c. means for sending an e-mail to an extracted e-mail address.
15. The system of claim 14, wherein said e-mail comprises data on a job opportunity.
16. The system of claim 15, wherein said e-mail address extractor can extract e-mail addresses from linked web pages, to as many linking levels as desired.

17. The system of claim 16, wherein said text identifying said professional qualification comprises a keyword or Boolean combination of keywords.

18. The method of claim 17, further comprising screening said web pages using advanced natural language screening technology.

19. The method of claim 18, wherein said advanced natural language screening technology comprises rules to identify resumes.

13 REFERENCES CITED

References Cited

Jeffrey C. TAYLOR, U. S. LETTERS PATENT NO. 5,832,497 (3 Nov. 1998)

5

Other Documents Cited

PETITION TO MAKE SPECIAL (15 Feb. 2000)

DECISION ON PETITION TO MAKE SPECIAL (22 Mar. 2000)

REASONS FOR ALLOWANCE (29 June 2001)

- 10 Stephen Michael REUNING, U.S. LETTERS PATENT NO. 6,381,592 (30 Apr. 2002)
REPLY (23 July 2002)

Authorities Cited

Overland Motor Co. v. Packard Motor Co., 274 U.S. 417, 421 (1927)

- 15 In re Lundberg and Zuschlag, 126 USPQ 412, 414 (CCPA 1960)

In re Steele, 305 F.2d 859 (C.C.P.A. 1962)

In re Lund, 376 F.2d 982 (C.C.P.A. 1967)

Schwartz, S.D., *Res Judicata As Applied in Patent Office ...*, 159 J. PAT. OFF. SOC. 637 (1967)

In re Ahlert, 165 USPQ 418, 420 (C.C.P.A. 1970)

- 20 Blonder-Tongue, Inc. v. Univ. of Illinois Foundation, 169 USPQ 513 (U.S. 1971).

In re Eynde, 178 USPQ 470, 474 (C.C.P.A. 1973)

Texas Instr. v. Cypress Semiconductor Corp., 90 F.3d 1558, 1568 (Fed.Cir. 1996)

25

countersign the same. *Kendall v. United States*, 12 Pet. 524; *Wright v. Ynchausti*, 272 U. S. 640, 651, 652.

No matter what the power of the Auditor may prove to be with reference to the settlement of accounts as between the City of Manila and the Metropolitan Water Board, or what his power with reference to enforcing the settlement so reached by him, nothing in the laws of the Islands is disclosed to us which enables the Auditor in the enforcement of such settlements to dispense with or to suspend the operation of positive law in reference to the course which shall be followed in the disposition by the Internal Revenue Collector of the receipts from internal revenue collections which he is directed by the statute to pay to the City. His duty is clearly set forth and he has nothing to do but to comply with it, having ascertained exactly what the share of the City is under the foregoing provisions.

When this share comes to the City under the warrant to be drawn in its favor by the Collector, the question of what shall thereafter be done in respect to it is not a matter that we are called upon to consider. Whether the issue between the Metropolitan Water Board and the City of Manila, in the absence of agreement, is one that must then be decided by a suit in court brought by the Metropolitan Water Board against the City, asking for a judgment for the water used, or whether the issue is to be determined by the Insular Auditor in his asserted power of settling and enforcing accounts between the two branches of the Government, are issues not before us. The only question here is what should be done with the share of the collections made by the Internal Revenue Collector under the sections of the Administrative Code already quoted. By § 2442 of the Laws of the Philippines relating to the City of Manila, there is a provision for a permanent continuing appropriation during the time the City remains the capital of the Islands from any

funds in the Insular Treasury, not otherwise appropriated, equal to 30 per cent. of the expenses of the City government, within certain other limitations, and the Insular Auditor is to ascertain the amount thus appropriated and transfer it to the City. How far this would involve quasi-judicial or administrative discretion not to be controlled by mandamus, it is not necessary for us to consider or decide; because this case relates only to internal revenue receipts and their distribution, in respect of which the provisions of law are specific and mandatory as we have seen. The conclusion of the Supreme Court of the Philippines in directing a mandamus to issue against the Internal Revenue Collector and the Insular Auditor was in accordance with the statutory law of the Philippines and was right.

A majority of the Supreme Court of the Philippines reached this conclusion. That Court further expressed an opinion as to the relation of the City to the Insular Auditor and his functions, which was not necessary, it seems to us, to decide this case. We desire therefore to limit our opinion to the mere question whether the City's share of the internal revenue collections must be paid to the City by the Collector.

The judgment of the Supreme Court of the Philippines is

Affirmed.

OVERLAND MOTOR COMPANY v. PACKARD
MOTOR COMPANY ET AL.

CERTIFICATE FROM THE CIRCUIT COURT OF APPEALS FOR THE
SEVENTH CIRCUIT.

No. 285. Argued April 21, 1927.—Decided May 31, 1927.

1. An applicant for patent who cancels one of his claims without appealing, after a ruling finally rejecting it as unpatentable, announcing at the time his intention to file a divisional application

covering the same subject matter, does not abandon it nor estop himself from so renewing it with the consent of the Patent Office. P. 420.

2. Granting of patent upon such new application imports a waiver by the Office of objection based on the previous rejection. P. 421.
3. A bill to enjoin infringement of a patent can not be dismissed upon the ground of laches because the pendency of the application in the Patent Office was protracted by the applicant's delays in responding to Patent Office action, where such delays in no instance exceeded the period allowed by statute. Rev. Stats. § 4894. P. 422.

RESPONSE to questions certified by the Circuit Court of Appeals upon an appeal from a decree enjoining alleged infringements of a patent.

Mr. Melville Church, with whom *Mr. Clarence B. Des Jardins* was on the brief, for the Overland Motor Company.

Mr. Frank Parker Davis, with whom *Messrs. Philip Mauro*, *Clarence S. Walker*, and *Reeve Lewis* were on the brief, for the Packard Motor Company et al.

Mr. Donald M. Carter filed a brief as *amicus curiae* by special leave of Court.

MR. CHIEF JUSTICE TAFT delivered the opinion of the Court.

This case comes from the Circuit Court of Appeals of the Seventh Circuit, upon a certificate of two questions for our consideration and answer. Section 239 of the Judicial Code, as amended by Act of February 13, 1925, c. 229, 43 Stat. 936. The suit is one in which the Packard Motor Car Company and the Wire Wheel Corporation seek to enjoin an alleged infringement by the Overland Motor Company of the Cowles Patent, No. 1,103,567, issued to Cowles on July 14, 1914, and owned by them. On August 25, 1899, Cowles filed an application which was duly granted July 13, 1900. His application disclosed the matter in suit. The Patent Office, however, required a division of claims, and he canceled all claims

as well as the description and drawing in the specification that supported such claims, bearing upon the subject matter of the present controversy. In that case the patent as granted covered merely the remaining claims. September 6, 1901, he filed another application, not a divisional application, disclosing and claiming, among other things, the subject matter in suit. This was pending in the Patent Office until January 21, 1913, when a patent issued for it. Certain claims made by him were repeatedly rejected by the Patent Office. Cowles complied with the requirements of § 4894, Rev. Stats., requiring an applicant to reply to the action of the Patent Office within a year, but on seven different occasions he delayed more than eleven months before filing his response to the Patent Office ruling. On May 20, 1911, the Patent Office finally rejected the only claim remaining in the application which was directed to the subject matter in issue, holding that it was unpatentable on certain references. On May 17, 1912, Cowles canceled this finally rejected claim from his application, stating his intention to file a divisional application covering the subject matter of this claim. No such divisional application had ever been directed or suggested by the Patent Office. A patent was then (January 21, 1913) issued on other claims without any claim to the subject matter in issue. On August 6, 1912, Cowles filed an application for a patent which he stated was a division of the application filed September 6, 1901, and which disclosed and sought the claims in issue. The patent in suit was then issued on this application on July 14, 1914. During its pendency in the Patent Office, Cowles complied with the requirements of § 4894, Rev. Stats., although on one occasion he delayed over eleven months before responding to the Patent Office action. During the period from 1905 to 1912, trade journals of the United States and Great Britain published articles disclosing the subject matter in issue, and certain

British patents were granted, on subjects relating to such subject matter. The publications and patents represented independent work in Great Britain, and, as a result thereof, there was actual use of the subject matter in suit abroad during the pendency of the original and divisional applications above referred to. No product embodying the subject matter of the claims in suit appeared upon the market in the United States prior to the issuing of the patent in suit. Upon these facts, the first question certified is as follows:

"Did the applicant, in canceling the claim which was finally rejected on May 20, 1911, abandon such claim or estop himself from thereafter seeking it through a new application?"

We do not find in the statement of facts any circumstances which can be held to be an abandonment by Cowles of his claim for which he subsequently secured this patent. On May 20, 1911, the claim was rejected on account of its non-patentability in view of certain references. On May 17, 1912, he canceled the claim, stating at the time that it was his intention to file a divisional application covering this subject matter. After he had done this, on August 6th, less than four months after the cancellation, he filed the claim as a divisional application under the earlier case, and this new application, with the renewed claim, went to patent on July 14, 1914. We can not see why he was estopped by his failure to appeal from the final rejection. It is quite true that, after such rejection, the Commissioner of Patents might have refused to consider his divisional application, as he made it without suggestion or consent by the Patent Office. In a qualified and limited sense, a claim rejected as this was constitutes *res judicata* in favor of the Government and against the applicant. This is fully explained by Judge Morris in *In re Barratt's Appeal*, 14 App. D. C. 255, in speaking of a case presenting a similar question:

"While the rules that govern the finality and conclusiveness of adjudications at the common law do not apply, in the strict sense, to administrative or quasi-judicial action in the Executive Departments of Government, yet in administrative action, as well as in judicial proceeding, it is both expedient and necessary that there should be an end of controversy. Sometimes, the element of finality is inherent in the nature of the action taken; as, for example, when letters patent have been granted, they may not be recalled, and the rights of the parties holding them again investigated. Where rights have become vested as the result of legitimate executive action, such action is necessarily final, and it is not competent thereafter for executive action to divest them, either by way of a review of the proceedings or by any new proceedings instituted with that view. Especially is this principle applicable to the proceedings of the Patent Office, which are so nearly akin to judicial proceedings as to be most appropriately designated as quasi-judicial."

Following then the analogy, he finds that such a case as this may constitute *res judicata* in a sense; but he qualifies the statement in this important way:

"In what we have said we do not desire it to be understood that the Patent Office may not, if it thinks proper so to do, entertain and adjudicate a second application for a patent after the first application has been rejected. What we decide is, that it is not incumbent upon the office as a duty to entertain such applications, and that, if it refuses to entertain them, it has a perfect legal right so to do. An applicant is not legally aggrieved by such refusal."

This qualification is approved in the case of *In re Fay*, 15 App. D. C. 515; *In re Edison*, 30 App. D. C. 321, 323; and in *Gold v. Gold*, 34 App. D. C. 229.

As the Patent Office by granting the patent must be held to have waived any objection to the application

on the ground that the claim allowed had been rejected before by that Office, there is no reason why the appellees below should not be allowed to avail themselves of the waiver. We answer the first question in the negative.

Second: The second question was as follows:

"In the absence of any other excuse for lapse of time between Patent Office actions and responses thereto, than that the applicant was exercising a statutory right (R. S. Sec. 4894 as amended setting limit of one year for response), may the bill of complaint be dismissed for want of equity because of long pendency in the Patent Office?"

We think that under the decision of this Court in *United States v. American Bell Telephone Company*, 167 U. S. 224, and *Chapman v. Wintroath*, 252 U. S. 126, this question must also be answered in the negative.

By § 12 of the Act of 1861 (12 Stat. 246), it was required that all applications for patent should be completed and prepared for examination within two years after the filing of the petition, and, in default thereof, were to be regarded as abandoned by the parties thereto, unless shown to the satisfaction of the Commissioner of Patents that such delay was unavoidable. There was no provision limiting the time of the prosecution of the application in this section. By the Act of 1870 (16 Stat. 198), it was provided, in § 32, that all applications for patent should be completed and prepared for examination within two years after the filing of the petition, and in default thereof, or upon failure of the applicant to prosecute the same within two years after any action therein, of which notice shall have been given to the applicant, they should be regarded as abandoned by the parties thereto, unless shown to the satisfaction of the Commissioner that such delay was unavoidable. This provision of the Act of 1870 was carried into the Revised Statutes as § 4894, and so the statute stood until 1897, when, by 29 Stat. 692, § 4894 was amended as follows:

"All applications for patents shall be completed and prepared for examination within one year after the filing of the application, and in default thereof, or upon failure of the applicant to prosecute the same within one year after any action therein, of which notice shall have been given to the applicant, they shall be regarded as abandoned by the parties thereto, unless it be shown to the satisfaction of the Commissioner of Patents that such delay was unavoidable."

Counsel for the alleged infringer says, that even with the time limit for action on the part of the applicant thus reduced to one year, it becomes easily possible for an applicant, after an action by the Patent Office upon his application, to delay for the full period of a year his response to such action, and however promptly the Patent Office may again act, he can delay another full year before replying to it, and thus, by waiting a year after each official action, (1) keep his application pending so as to enable him to withhold, indefinitely, his invention from the public, (2) add claims to his application covering the independent intervening developments of others, and (3) postpone the time when the public may enjoy the free use of the invention—all contrary to sound public policy.

The answer to this argument is that the matter is entirely within the control of Congress, and, in order to avoid the evil suggested, Congress may reduce the time within which one who is seeking an adjustment with the Patent Office, in order to obtain a patent, shall act upon receipt of notice of a decision of the Patent Office in the course of the application through that office. Congress, as we have seen by the history of the statute, reduced this time from an indefinite period in 1861 to two years in 1870, and to one year in 1897, and, as provided in the last Congress, to six months. Act of March 2, 1927, c. 273, 44 Stat. 1335.

During the pendency of the application in this case, the period allowed was one year. We do not know on what principle we could apply the equitable doctrine of abandonment by laches, in a case where the measure of reasonable promptness is fixed by statute, and no other ground appears by reason of which laches could be imputed to the applicant.

In *United States v. American Bell Telephone Company*, 167 U. S. 224, the Government brought a proceeding in equity to cancel a patent on the ground that it had been fraudulently secured, and part of the fraud of the patentee was that he had unreasonably delayed the obtaining of the patent, by collusion with officials of the Department, through their non-action, and thus postponed the period during which the monopoly of the patent was to continue. The court found no evidence of any collusion or fraud by the officials of the Department or undue or improper influence exerted or attempted to be exerted upon them. It said that Congress had established a department with officials selected by the Government, to whom all applications for patents must be made, had prescribed the terms and conditions of such applications and entrusted the entire management of affairs of the department to those officials, and that when an applicant for a patent complied with the terms and conditions prescribed and filed his application with the officers of the department, he must abide their action and could not be held to suffer or lose rights by reason of any delay on the part of those officials. The court said:

"Neither can a party pursuing a strictly legal remedy be adjudged in the wrong if he acts within the time allowed, and pursues the method prescribed by the statute. . . . Under section 4886, Rev. Stat., an inventor has two years from the time his invention is disclosed to the

public within which to make his application, and unless an abandonment is shown during that time he is entitled to a patent, and the patent runs as any other patent for seventeen years from its date. He cannot be deprived of this right by proof that if he had filed his application immediately after the invention the patent would have been issued two years earlier than it was, and the public therefore would have come into possession of the free use of the invention two years sooner. The statute has given this right, and no consideration of public benefit can take it from him. His right exists because Congress has declared that it should. . . . A party seeking a right under the patent statutes may avail himself of all their provisions, and the courts may not deny him the benefit of a single one. These are questions not of natural but of purely statutory right. Congress, instead of fixing seventeen had the power to fix thirty years as the life of a patent. No court can disregard any statutory provisions in respect to these matters on the ground that in its judgment they are unwise or prejudicial to the interests of the public."

The case of *Chapman v. Wintroath*, 252 U. S. 126, was an attempt in an interference suit to defeat a patent granted to the Chapmans on a divisional application, for an improvement in deep well pumps, in which the claims were the same as the claims of a patent to Wintroath, the divisional application having been made twenty months later than the date of the issue of the patent to Wintroath. It was conceded that the claims had been disclosed in the Chapman patent, which had been applied for in 1909 but which had met unusual difficulties in the Patent Office and, though regularly prosecuted as required by law and the rules of the office, was still pending without having been passed to patent in 1915, when the controversy arose. It was admitted that the inven-

tion was clearly disclosed in the parent application of the Chapmans, but it was contended that their divisional application claiming the discovery should be denied, because of their delay of nearly twenty months in filing it after the publication of Wintroath's patent, when they had by law only one year. It was held by the Court of Appeals of the District (*Wintroath v. Chapman*, 47 App. D. C. 428) that the delay of more than a year constituted equitable laches and estopped the Chapmans from making their divisional claim. That holding had rested on a previous decision by the Court of Appeals in *Rountree v. Sloan*, 45 App. D. C. 207. This Court held that under § 4886 of the Revised Statutes, as amended March 3, 1897, two years was granted in such a case before the right to file a divisional application had been lost. The Court based its decision that the statutory period could not be reduced by equitable considerations or those of public policy on the language which we have just quoted from Mr. Justice Brewer in his opinion in the *Telephone case*. The same doctrine is to be found in *Crown Cork & Seal Company v. Aluminum Company*, 108 Fed. 845, and *Columbia Motor Car Company v. Duerr & Company*, 184 Fed. 893.

The case of *Woodbridge v. United States*, 263 U. S. 50, is cited by counsel for the defendant to sustain their view that this is a case in which the doctrine of laches and abandonment may be enforced. The *Woodbridge* case was an exceptional one. Woodbridge had deliberately delayed the issue of the patent, which he could have had for the asking, for nine years. He had directed the Patent Office to keep the papers upon which such issue might have been granted in the secret archives of the Patent Office, there to remain for one year, a privilege which was given him under the law as it then existed. He failed after the one year to apply for the patent because, as he avowed in a subsequent application, he wished there-

by to postpone the period of its monopoly until a national emergency might arise in which his invention, which was for rifling cannon, should be more in demand than it then was. He was denied a patent, for failure to comply with the statute. Subsequently he secured special legislation imposing the condition that he should be granted the patent, provided the court should first be satisfied that he had not forfeited or abandoned his right to a patent by publication, delay, laches or otherwise. This Court held that the delay of nine years for the avowed purpose of postponing the period of the monopoly was laches and a breach of the condition upon which he might avail himself of the special congressional privilege granted him. Such a case has certainly no application here. The answer to the question should be in the negative.

Questions answered "No."

MESSEL v. FOUNDATION COMPANY.

CERTIORARI TO THE SUPREME COURT OF THE STATE OF LOUISIANA.

No. 202. Argued March 9, 1927.—Decided May 31, 1927.

1. Art. 2315, Rev. Code of Louisiana, providing: "Every act whatever of man that causes damage to another obliges him by whose fault it happened to repair it," applies to personal injuries suffered by a workman while engaged in repairing a vessel afloat on waters of the United States and due to the negligence of his employer. P. 432.
2. Such cause of action, under Art. 2315, is not barred by the Louisiana Workmen's Compensation Act which provides special means and measures for adjusting claims for personal injuries in certain occupations, including repair of vessels, and declares its remedies exclusive, but does not by its terms include maritime injuries or torts under federal law. P. 432.
3. Art. 2315, Louisiana Rev. Code, *supra*, furnishes the equivalent of a "common law remedy," saved to suitors in the state court by § 9, Judiciary Act of 1789, § 256 Jud. Code. P. 433.

... nevertheless, (the inventor would) be entitled to have his patent construed with reference to that unspoken advantage since the patentee is entitled to the benefit of every function within the scope of the claims and actually possessed by his mechanisms, even if he does not know of it at the time of the patenting... no obligation rests upon the patentee to turn his specification into a trade circular.

Or as Judge Buffington said in the language previously quoted from Mead-Morrison Mfg. Co. v. Exeter Machine Works, *supra*,

The gist of a disclosure is that it be so full as will enable those versed in the art to thereafter use the device and where such use, practice, mechanism, formula, etc. are fully disclosed, the requirements of the law are satisfied, without claiming every advantage such device may have. If subsequent use discloses unsuspected additional benefits the patentee is the gainer during the life of the patent, and the public when it expires.

Stanley D.
Schwartz *

RES JUDICATA AS APPLIED IN PATENT OFFICE PROSECUTION & PATENT ENFORCEMENT LITIGATION

INTRODUCTION

The topic of res judicata, as applied to patent enforcement litigation and Patent Office proceedings, has long been, and continues to be, a subject of much interest. The President's Commission, which has recently concluded a study on the United States Patent System, has resulted in a proposal, to Congress, that the traditional notions of res judicata, as now applied in patent infringement suits, be relaxed. Such a relaxation of the rigid rules of res judicata has already been achieved in administrative proceedings before the U.S. Patent Office.

It is the purpose of this paper to examine the status of res judicata both in administrative proceedings before the Patent Office and in patent enforcement litigation. It is an object of this paper to show how the law of res judicata has reached a degree of certainty in proceedings before the Patent Office, although application of res judicata principles in patent enforcement litigation is still in the developing stage. The direction and scope of these principles will be most important to the patent owner and the public at large. It is, therefore, a further object of this paper to suggest a direction that Congress may take, in order to maximize the interests of both the public, in general, and business, in particular, while at the same time protecting the legitimate interests of the patentee.

TRADITIONAL NOTIONS OF RES JUDICATA AND COLLATERAL ESTOPPEL

Res judicata,¹ under current usage, has been used to describe the effects of various types of judgments. Res

* Examiner, Group 160.

¹ For a general discussion of res judicata and collateral estoppel, see I B Moore, Federal Practice § 401-488 (Fed. 1965); *Developments in the Law—Res Judicata*, 65 Harv. L. Rev. 818 (1952).

judicata and its variants all seek to provide the element of finality to judicial determinations and an end to litigation between parties. This may be accomplished by considering the former judgment as a "bar" or "merger" where the subsequent action proceeds on all, or part, of the very cause of action which was the subject of the first action. This aspect of the doctrine of res judicata, sometimes called res judicata by bar or merger, differs from the second aspect of res judicata, estoppel by judgment. If the second action is upon a different claim or demand, an estoppel by judgment, more limited in its scope than res judicata by bar, operates as an estoppel only as to those matters upon which a determination or final verdict was actually rendered.²

Under the doctrine of res judicata, a valid, final and prior adjudication rendered on the merits of a cause of action or claim, can bar relitigation by parties or their privies, of the same claim or cause of action, the judgment in the prior action operates as an absolute bar to relitigation, not only of those matters actually litigated in the prior suit, but also any other matter which might have been acted upon in the prior suit.

Under the Federal Rules of Civil Procedure³ the doctrine of res judicata is given a more rigid application because all possible theories of relief can be included under one claim. This is unlike the various code systems wherein there is a very strict theory of pleading which results in a more liberal application of res judicata.⁴

Although a party may be precluded from relitigating a particular claim, under the rules of res judicata, a litigant is afforded a wide range of protection from a judgment. In the proper case, a judgment may be vacated

² *Cromwell v. County of Sac*, 94 U.S. 351 (1876). This case provides an excellent discussion as to the distinctions between res judicata by bar and estoppel or by judgment or collateral estoppel. (See P. 550—James on Civil Procedure). This distinction has been confirmed and restated by the Supreme Court in *Tait v. Western Md. Ry.*, 233 U.S. 620, 523(19); *Commissioner v. Sunnen*, 333 U.S. 591, 597 (1948).

³ Fed. R. Civ. P. 8(a).

⁴ See James, *supra* note 1 at 553-557.

or amended by direct or collateral attack.⁵ For example, a litigating party may seek to be relieved from the unjust effects of a "void" judgment.⁶ A judgment may also be reopened by a motion for a new trial⁷ or may be altered or amended by a motion to alter or amend the judgment⁸ or for newly discovered evidence,⁹ which by due diligence could not have been discovered in time to move for a new trial under Rule 59(b).¹⁰

Under the doctrine of collateral estoppel,¹¹ where there is a different claim or cause of action commenced, and the same issues were tried and previously determined, they cannot be litigated again.¹² Where collateral estoppel is involved between the same parties as in the original suit, the one who claims its benefits must show that the very fact or point in issue was, in the former action, litigated by the parties, determined by the court, and the determination of the matter or point must have been necessary to the result.¹³

Rulings of law, divorced from the facts to which they are applied, do not become binding upon the parties under the principle of res judicata, although rulings upon the legal consequences of specific facts are entitled to collateral estoppel effect equally with findings of fact.¹⁴

RES JUDICATA IN ADMINISTRATIVE PROCEEDINGS¹⁵

As Professor Davis succinctly notes:

the reasons against a second litigation between the same parties of the same claim or issues are precisely the same for some ad-

⁵ See 1 B Moore, 13, § 0.405(1), at 622; see also James, *supra* note 1, at 552-49.

⁶ Fed. R. Civ. P. 60(b) provides that a motion to vacate a judgment on the ground that it is void must be "made within a reasonable time."

⁷ Fed. R. Civ. P. 59(a)-(d).

⁸ Fed. R. Civ. P. 59(e).

⁹ Fed. R. Civ. P. 60(b)(2).

¹⁰ See, in general, Scott, *Collateral Estoppel by Judgment*, 56 Harv. L. Rev. 1 (1942); Polasky, *Collateral Estoppel—Effects of Prior Litigation*, 39 Iowa L. Rev. 217 (1954).

¹¹ *Cromwell v. County of Sac*, *supra* note 2, at 353.

¹² Polasky, *supra*, at 222.

¹³ Commissioner of Internal Revenue v. Sunnen, *supra* note 2.

¹⁴ Holton, *The Doctrine of Res Judicata in Ex Parte Patent Practice—Prototype for a Liberal Approach*, 10 Rutgers Law Review, 716 (1956).

ministrative determinations as they are for most judicial determinations. The sound view is therefore to use the doctrine of res judicata when the reasons for it are present in full force, to modify it when modification is needed, and to reject it when the reasons against it outweigh those in its favor.¹⁵

This view of res judicata in the administrative process has also been shared by many courts. In one such case¹⁶ the Court noted:

While the rules that govern the finality and conclusiveness of adjudications at the common law do not apply, in the strict sense, to administrative or quasi-judicial action in the Executive Departments of Government, yet in administrative action as well as in judicial proceedings, it is both expedient and necessary that there should be an end of controversy. . . . In what we have said we do not desire it to be understood that the Patent Office may not, if it thinks proper so to do, entertain and adjudicate a second application for a patent after the first application has been rejected. What we decide is that it is not incumbent upon the office as a duty to entertain such applications.

Whenever the traditional doctrine of res judicata does not work well, when applied to particular administrative actions, it may be qualified or relaxed, depending on the particular problems involved. Professor Davis notes that the doctrine should be applied in full force, where the particular agency deals in "past facts."¹⁷

RES JUDICATA IN EX PARTE PATENT OFFICE PROCEEDINGS

A. *The Requirements of a Final Appellate Decision of the Earlier Case.*

Res judicata, as applied in the United States Patent Office, is a more "relaxed" form of the traditional manner in which res judicata is utilized. The Court of Customs and Patent Appeals (C.C.P.A.), as well as the Board of Appeals of the Patent Office, have relaxed the requirements of the applicability of res judicata so as not to frustrate the patent laws regarding patent prosecution.

¹⁵ Davis, *Administrative Law*, p. 37.

¹⁶ *In re Barrett's Appeal*, 14 App. D. C. 255 (1899).

¹⁷ Davis, *op. cit.* *supra* note 14, at 329.

The applicability of res judicata to ex parte proceedings has become somewhat more uniform due to several recent pronouncements by the C.C.P.A.¹⁸ In the ex parte prosecution of a patent application, where an applicant is given a final rejection on his application, he has a choice of two alternative methods of continuing his application in order to secure a patent: he may either appeal the final rejection of the Examiner to the Patent Office Board of Appeals,¹⁹ or he may file a second application.²⁰ If the applicant chooses the latter course of action, the applicant is given another opportunity to correct a statutorily insufficient disclosure²¹ or to disclose a utility as required under 35 U.S.C. 101, etc.

The C.C.P.A. has commented that the application of res judicata to an unappealed final rejection seems to be a particularly inappropriate means for achieving the normal goals of the res judicata doctrine, i.e., reliability and finality of judgments, and conservation of judicial time and energy. . . . [The] Patent Office practice abounds with procedures which afford applicant every opportunity to secure the full protection to which he is lawfully entitled. Often, the filing of a continuation or a continuation-in-part results in a *fresh approach* to and an effective reconsideration of the same issue. In many ways, application is at variance with the entire concept of continuing applications.

With regard to the goal of conserving the time of administrative and judicial tribunals, res judicata rejections would seem to have exactly the opposite effect. For if unappealed final rejections are uniformly held to be res judicata, the applicant has no choice other than appeal or abandonment of his case. But if time and energy are to be expended, even unnecessarily, it is much more desirable that such expenditure should occur at administrative levels. On balance, we believe that an applicant should be encouraged in, rather than penalized for, promptly

¹⁸ *In re Hitchings* 342 F.2d 80, 144 USPQ 637 (CCPA, 1965); *App. Filed*, 312 F.2d 930, 144 USPQ 208 (CCPA, 1963); *In re* 35 USC 134 (1964).

²⁰ In order to maintain the filing date of the first application, the applicant may file a continuation application (U.S. Manual of Patent Examining Procedure, § 201.07 (ed. 1961) (hereinafter cited as M.P.E.P.) or a continuation-in-part application (M.P.E.P. § 201.08)).

²¹ See 35 U.S.C. 112 for the requirements of a patent application.

filing a better application after final rejection instead of appealing, especially where so much of the procedural machinery of the Patent Office is designed to permit just such a remedy.²² (Emphasis added)

Prior to the decision in *In re Hitchings*,²³ there were two distinct lines of cases which developed subsequent to the Supreme Court's holding in *Overland Motor Co. v. Packard Motor Co.*,²⁴ that the Patent Office may, in its discretion, apply the doctrine of res judicata in a subsequent application. It was this decision which has caused much of the confusion in the application of res judicata in Patent Office proceedings.

The first line of cases does not provide the Patent Office with any authority to reject on the grounds of res judicata if the unappealed final rejection was based on prior art.²⁵

The second line of cases deals with a "special situation," which finds support in section 201.11 (MPEP).²⁶ While section 706.03(w) of the M.P.E.P. urges that res judicata should only be used where the earlier decision was a "final, appellate one," this section goes on to state that section 201.11 embodies a special situation concern-

²² See *In re Hitchings*, *supra* note 17, at 85.

²³ *Ibid.*

²⁴ 274 U.S. 417 (1927). An analysis of the two distinct lines of cases is set forth in 33 Geo. Wash. L. Rev. 1149, 1150 (1965).

²⁵ This position has support in sections 201.11 and 706.03(w) of the MPEP.

²⁶ MPEP § 201.07 states in part:

where an application has been prosecuted to a final rejection, an applicant may have recourse to filing a continuation in order to introduce a new set of claims and to establish a right to further examination by the Primary Examiner.

MPEP § 706.03(w) states in part:

The rejection should only be used when the earlier decision was a final, appellate one, such as a Board of Appeals decision . . . or a decision by the Court of Customs and Patent Appeals. But see (M.P.E.P.) § 201.11 for a special situation.

²⁷ MPEP § 201.11 states in part:

When Not Entitled to Filing Date Where the first application is found to be fatally defective because of insufficient disclosure to support allowable claims, a second application filed as a "continuation-in-part" of the first application to supply the deficiency is not entitled to the benefit of the filing date of the first application.

ing res judicata.²⁷ In such a "situation," it has been urged, and so held in numerous decisions,²⁸ that an attempt to rely on the parent case, rejected on insufficient disclosure, in a continuing application is said by the Patent Office to involve res judicata, even though there was no final appellate decision.²⁹

Much of the confusion which has resulted due to the development of the two lines of cases, may be attributed to a lack of understanding of the true meaning of the relevant sections of the MPEP. An examination of section 201.11 will show that it deals expressly with the concept of *continuity* between filing dates and *not* with res judicata.

B. Issues Must be Identical.

Before a rejection on res judicata can be had, there is the requirement that the issues in both cases be the same. Thus, where the same claim, or substantially the same claim, has been previously rejected, and sustained on appeal (by the Patent Office Board of Appeals or a higher court, i.e., the Court of Customs and Patent Appeals or the Federal District Court, for the District of Columbia), the applicant cannot again raise the question of its allowability.

Problems arise as to whether the applicant may file a new application with a more complete disclosure, although the claims in the case are the same as the first case which has been rejected on an insufficient disclosure. Where new matter has been added to overcome the alleged deficiency in the original application, a rejection on res judicata should not lie³⁰ because the issue in the second case has not been previously litigated. The precise

²⁷ *Ibid.*

²⁸ See Note, 33 Geo. Wash. L. Rev. 1149 (1965); Kananen, *Comments and Observations on Res Judicata and Patent Law*, 18 W. Res. L. Rev. 103, 112-114 (1966).

²⁹ The Board of Appeals appeared to stray from this position in *Ex parte Pfeiffer*, 342 F.2d 83, 131 U.S.P.Q. 439 (P.O. Bd. App. 1961).

³⁰ See note 20.

³¹ *In re Fried*, *supra* note 17.

ground of rejection of the first application and its statutory basis must be examined and compared with the ground of rejection and its statutory basis in the second application. Thus, where new matter is introduced in the second application, to overcome the deficiency in the first application, a rejection based on res judicata would be improper because the issues in the two cases are different. In the first case, the issue involved the sufficiency of the disclosure that must comply with the statutory requirements of 35 U.S.C. 112.³¹ In the subsequent application, the issue is whether the claims are entitled to the benefit of the earlier filing date of the parent application. In order to have the benefit of the earlier filing date,³² the invention must be sufficiently disclosed in the parent application so as to comply with section 112.³³

In the filing of a continuation-in-part, the applicant may be desirous of introducing claims which are narrowed in scope, and which are adequately supported by the disclosure of the parent application. For example, in *In re Fried*,³⁴ parent application had a generic claim reading "any lower alkyl group" which was held to be based on an insufficient disclosure. In the subsequently filed continuation-in-part, the applicant narrowed the claims to read "methyl group," for which there was adequate support in the parent application. Although the Court said "different claims" were presented, it is not enough to say that there is a different claim present.

³¹ 35 U.S.C. 112 states in part: "The specification shall contain a written description of the invention, and of the manner and process of making and using it such *full, clear, concise, and exact* terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor of carrying out his invention." (Emphasis added)

³² 35 U.S.C. 120 (1964 ed.).
³³ Section 201.11 of the MPEP is also directed to preventing the addition of new matter to supply the deficiency in those cases where the earlier filing date is sought, and this provides the conditions that must be met before an earlier date can be obtained. The second application "must be an application for a patent for an invention which is also disclosed in the first application." M.P.E.P. 201.11 (emphasis added)
³⁴ *In re Fried*, *supra* note 17.

ed. In actuality, two different issues were present. In the first case, the issue involved the sufficiency of disclosure under section 112,³⁵ whereas the issue in the second case involved was one of continuity between filing dates (i.e., did the second case have the benefit of the earlier filing date?).³⁶

The Court, in *Fried*,³⁷ provides an unfortunate example of a mechanical case illustrating the inequity which results if res judicata is used where the prior adjudication was based on claims in the parent case which are broader than the claims presented in the continuation application. Actually, in mechanical cases, unlike chemical cases, more disclosure is required to support the more narrow claims, as compared to the generic claims in chemical cases. Therefore, it is possible for the same type of inequity to occur when the broader claims are presented in the continuing application.³⁸ The Court, in *Kollman v. Ladd*,³⁹ further stated "that the doctrine of res judicata, or more properly, collateral estoppel, is inapplicable where there are *different claims* rejected on a *different basis* in the continuation application..."⁴⁰ This purely mechanical test used by the District Court does not logically answer the question of whether the issues are different. The important question that must be answered before res judicata can be applied, is: whether the disclosure in the parent case is sufficient to support the claims in the continuation-in-part? If there is support, then the claims of the continuation-in-part case will have the benefit of the earlier filing date. If there

³⁵ See note 31, *supra*.

³⁶ See note 82, *supra*.

³⁷ See note 17 *supra*, at 932, n. 3.

³⁸ *Kollman v. Ladd*, 140 USPQ 309 (D.D.C. 1964). The reasoning of the Court in *Fried*, that although the broad claims of the parent case may be based on an insufficient disclosure, the more narrow claims are likely to find support in the disclosure of the parent case and thus have the benefit of the earlier filing date. This same reasoning does not apply in the reverse situation, where the narrow claims of the parent case as based on an insufficient disclosure, in a mechanical case, because the disclosure would usually encompass claims of a broader scope.

³⁹ *Ibid.*
⁴⁰ *Ibid.*, at 188.

is no support in the parent case, it may be argued that there is no new issue presented.⁴¹

Collateral estoppel applies not only to the same claim, or substantially the same claim, but also the claims which present nothing patentably different from the previous claim.⁴² In *Lundberg*, the Court held that res judicata will be held where there are differences in the claimed subject matter (i.e., between the previously adjudicated claims and the appealed claims), and such differences are obvious modifications which may be shown by prior art.⁴³ However, a Board of Appeals decision held that res judicata will not apply where the utility disclosed in the later application differs from that of the former application even though the claims in the two cases are the same.⁴⁴

⁴¹ In *Kolsman*, the rejection was not on a different basis, but rather involved a determination as to whether the claims of the continuation-in-part (C.I.P.) had sufficient support in the parent case so that the "C.I.P." would have the benefit of the earlier filing date of the parent case.

⁴² *In re Ellis*, 1937 C.D. 153 (C.C.P.A. 1937); *In re Pritton*, 97 USPQ 447 (C.C.P.A. 1953); *In re Lundberg et al.*, 126 USPQ 412 (C.C.P.A. 1960); *In re Hellbaum*, 152 USPQ 571 (C.C.P.A. 1967); *Ex parte Boukidis*, 154 U.S.P.Q. 444 (P.O. Bd. App. 1967).

⁴³ *Id.*

⁴⁴ *Ex parte Schott*, 136 USPQ 383 (P.O. Bd. App. 1962). In this case, the Board reversed the res judicata rejection and held that although the claims in the later case were to "precisely the same physical structure," the previous application disclosed its use as a calculating device, whereas the later application disclosed that the device is useful as an instrument for teaching principles of the decimal system, and thus a different issue of patentability was present. The Board said (note at 385) "... a prior adjudication should not be considered as binding or be followed when passing upon the same claim where a different question of patentability is presented for adjudication because of new evidence or new issues." (Emphasis added) In *Ex parte Budde* 150 USPQ 469 (P.O. Bd. App. 1966) the Board felt the language used by the Board in *Schott* was too broad and thus held that applicant could not present new evidence to show unobviousness. The Board reasoned that the additional evidence merely supports applicant's argument in the original appeal, and no new issue (i.e., a new utility) was presented as in *Schott*. However in the recent case of *In re Herr*, 153 USPQ 548 (C.C.P.A. 1967), the Court held that res judicata is inapplicable where the applicant presents additional evidence of patentability not presented in the parent case. The court stated, "Granted the instant parties and claims are identical with those of the parent *Herr* application and, in a broad sense, the issue in the original appeal was, as here, whether those claims were allowable in view of the prior art. More to the point, however, the precise issue in the prior *Herr* appeal was whether appellant was entitled to the allowance of his claims in the application and record then on appeal. The precise issue here is

As a result of recent decisions, the application of principles of res judicata have been considerably relaxed and a degree of stability has been added to ex parte practice.

RES JUDICATA IN PATENT INFRINGEMENT LITIGATION

According to the doctrine of mutuality of estoppel, in order for a judgment to be binding, the estoppel of the judgment must ordinarily be mutual (the conventional doctrine recognizes some exceptions).⁴⁵ Thus a party to a subsequent suit who attempts to utilize either the doctrine of res judicata or collateral estoppel must have been a party, or a privy, to the prior suit,⁴⁶ and would also have been bound by the prior judgment had the outcome of the prior suit been opposite.

The doctrine has been the subject of much criticism in recent years and has been departed from, in a recent case,⁴⁷ because the rule "'runs counter to the salutary public policy that there be a definite end to litigation when a party has had a full, free and untrammelled opportunity to present all facts pertinent to a controversy and to be heard thereon."⁴⁸ Critics of the rule desire making collateral estoppel available to those who were not parties to the first action against one who was such a party. Such a result would not be unfair because the one against whom the judgment is invoked would have had the opportunity to litigate the very issue upon which he will be bound.

On the other hand, proponents of the mutuality rule (i.e., a more limited estoppel), believe that a party is whether appellant has legally established his right to those claims in the application and record now before us."

⁴⁵ See, e.g., 1 *Freeman*, judgments § 428 (5th ed. 1925).

⁴⁶ 1 *B. Moore*, *supra* note 13 § 0.412.

⁴⁷ *Currie, Mutuality of Collateral Estoppel: Limits of the Bernhard Doctrine*, 9 *Stan. L. Rev.* 281 (1957), and his later article, *Civil Procedure: The Tempest Brews*, 53 *Calif. L. Rev.* 25, 38-46 (1965) wherein the decisions are collected and analyzed. *Bernhard v. Bank of America National Trust & Savings Association*, 19 *Cal.* 2d 807, 122 P.2d 892 (1942); *Bruszewski v. United States*, 181 F.2d 419 (3rd Cir., 1950); *Zadnok v. Glidden Co.*, 327 F.2d 944 (2nd Cir., 1964), cert-denied, 377 U.S. 934.

⁴⁸ *Nickerson v. Pepp Boys—Manny, Moe & Jack*, 247 F. Supp. 221, 148 USPQ 125, 126 (D. Del. 1965).

entitled to his day in court on each issue against each potential adversary.⁴⁶ The doctrine also seeks to protect a litigant from the harassment and expense of having to repeat his defense on an issue already decided. Furthermore, the doctrine also stabilizes legal relationships by not subjecting the same parties to conflicting decisions, as well as putting an end to controversies between two litigants.⁵⁰

In the typical patent suit, the patentee may enforce his patent⁵¹ in a civil action for infringement⁵² against the alleged infringer.⁵³ Once the question of infringement and validity has been finally adjudicated, the doctrines of res judicata and collateral estoppel will preclude the same parties from relitigating the same issues.⁵⁴

Where the parties are different, however, the courts commonly apply the general rule of mutuality. In *Triplett v. Lowell*,⁵⁵ the Court held that an adjudication adverse to a claim in a patent does not preclude another suit upon the same claim against a different defendant. The Court stated:

Neither reason nor authority supports the contention that an adjudication adverse to any or all the claims of a patent precludes another suit upon the same claims against a different defendant. While the earlier decision may be given great weight in a later litigation and thus persuade the court

⁴⁶ James, *supra* note 1, at 597-599 (1965); Note, *Res Judicata With Reference to Persons Neither Parties nor Privies—Two California Cases*, 57 Har. L. Rev. 98, 105 (1943).

⁵⁰ See the recent case, *Technograph Printed Circuits, Ltd. v. United States*, F.2d, 153 U.S.P.Q. 298, 303-04 (Ct. Cl. 1967), where the Court refused to allow a defendant-infringer to utilize the estoppel defense.

⁵¹ See 35 U.S.C. 281-293 (1964).

⁵² 35 U.S.C. 281 (1964).

⁵³ Under 35 U.S.C. 271(a), the patentee is given the right to exclude all others from making, using, and selling, the claimed invention. Where such an action is brought, the defendant will usually set up a defense of invalidity of the patent. Most patents are held invalid because the invention was obvious to one of ordinary skill in the art, at the time of the invention. 35 U.S.C. 103.

⁵⁴ *Plymouth Rubber Company, Inc. v. Minnesota Mining and Manufacturing Co.*, 267 F.2d 443, 125 U.S.P.Q. 508 (D. Mass. 1960).

⁵⁵ 267 U.S. 638 (1935).

to render a like decree, it is not res adjudicata (sic) and may not be pleaded as a defense.⁵⁶

Since the Supreme Court's affirmation of the mutuality rule in *Triplett v. Lowell*,⁵⁷ in patent-validity litigation, the courts of appeals and district courts have continued to follow, with only one exception,⁵⁸ the rule set down in *Triplett*.⁵⁹ Courts have reasoned that "a stranger to a previous patent suit is neither harassed, put to additional expense, nor compelled to relitigate an issue, and there is no danger of being victimized by inconsistent decisions."⁶⁰ As a result, the mutuality rule should be maintained, and a patent which has been adjudged invalid may be litigated ad infinitum. However, there are more important factors in the public interest which *must* be considered before a conclusion can be drawn as to the status of the mutuality rule in validity litigation. Concern for the broader public problems is essential.

In *Agnides v. Holden*,⁶¹ Judge Schnackenberg commented:

⁵⁶ *Id.* at 642, *c.f.* *Nickerson, supra* note 47, at 222, where the Court criticized the Triplett decision as not resting on a solid foundation, primarily because the Court cited two decisions, *Mast, Fova, & Co. v. Stover Mfg. Co.*, 177 U.S. 485 (1900) and *Sanitary Refr. Co. v. Winters*, 280 U.S. 30, 35 (1929), both of which deal with comity, and not res judicata or collateral estoppel.

⁵⁷ *Id.*

⁵⁸ *Nickerson, supra* note 48.

⁵⁹ See, e.g., *Automatic Radio Mfg. Co. v. Hazeltine Research, Inc.*, 176 F.2d 799, 808, 82 USPQ 374, 332 (1st Cir. 1949), *aff'd* 339 U.S. 827, 85 USPQ 376 (1950); *Tatko Bros. Slate Co. v. Hannon*, 122 USPQ 585, 586 (2nd Cir., 1959), *cert. denied*, 361 U.S. 915, 123 USPQ 591; *Unguhart v. Commissioner, Internal Revenue Service*, 102 USPQ 427, 429 (3 Cir. 1954); *S. H. Kress & Co. v. Agnides*, 113 USPQ 395, 396-97 (4 Cir., 1957); *Bros Inc. v. W. E. Grace Mfg. Co.*, 147 USPQ 1 (5th Cir., 1966); *Gordon Johnson Co. v. Hunt, F. Supp.*, 96 USPQ 92 (D.N. Ohio, 1952); *Technograph Printed Circuits, Ltd. v. Methode Electronics Inc.*, 148 USPQ 181 (7th Cir., 1966); *John Deere Co. of Kansas City v. Graham*, 142 USPQ 243 (8th Cir., 1965); *Abington Textile Machinery Works v. Carding Specialists Ltd.*, 148 USPQ 33 (D.D.C. 1966).

⁶⁰ *Technograph Printed Circuits, Ltd. v. United States, supra* note 49, at 304.

⁶¹ 226 F.2d 949, 107 USPQ 195 (7th Cir., 1955).

⁶² It has been estimated that the minimum cost of conducting a patent infringement suit is about \$50,000 for each side. *Conn. "Economic Value of Patents."* The Encyclopedia of Patent Practice and Invention Management.

I believe . . . he (the patentee) is entitled under existing law to another day in court where he might litigate the same issues upon which he lost in the Goodrie case. . . . He . . . may litigate and relitigate again and again the questions of validity of his patent as long as he selects a different defendant in each of the infringement suits which he files. . . . It is a situation which is particularly abhorrent when considered against the backlog of untried cases which clog our Federal Courts. The latter are cases where the litigant asks only for his day in court, not for a plurality of days in court as Agnoides is entitled to under existing law. The remedy is not in our hands. The Congress by legislation could grant relief.

Because the patentee is able to constantly relitigate his patent, there is a shocking waste of time and effort in order to have a reconsideration of the same references and same contentions in court after court, in the determination of the validity of the patent. A patentee should not have to litigate the validity of his patent all over again each time he sues a different infringer in a different circuit.

Not only does the patentee's right to relitigate contribute to a heavy backlog of cases in the Federal District Courts, but it may also unjustly subject a defendant-infringer to unusually high litigation costs.⁶² It is quite expensive to determine validity under present law because the infringer is never quite sure what date of invention the patentee can prove, nor what date of invention can be proved for some reference art.

Another factor which causes the patentee to continually relitigate his patent in various circuits is the uncertainty as to a ruling on validity. For example, where suits are filed against infringers, all in different circuits, it seems quite illogical how there could be more than one conclusion on the question of validity, because the patent is the same in every case, and the defendant has access

⁶² *Supra* note 58. In this case, no less than ten prior decisions are tabulated which has occupied the attention of no less than twenty-five judges in the Fifth, Sixth, and Eighth Circuits. Such judicial conflict may be attributed to differing judicial interpretations, for example, what is public use under 35 U.S.C. 102(b)? Compare *Picard v. United Aircraft*, 128 F.2d 652, 655, (2nd Cir., 1942) with *Gaylor v. Wilder*, 51 U.S. 477 (1850).

to the same prior art in each case. An example of such judicial conflict can be seen in *Bros Incorporated v. W. E. Grace Manufacturing Company et al.*⁶³ Despite possible conflicts in statutory interpretations, there are some circuits where no patents are upheld in contrast with some circuits which have a high percentage of patents held valid. Some judges are noted to have consistently held patents valid over a period of years while another judge in the same district has found every patent to be invalid, with one exception.⁶⁴

An attempt to alleviate the problems of delay, uncertainty, and the great expense, would necessitate our abandonment of a strict adherence to the mutuality of estoppel doctrine. The above considerations warrant our rejection of the doctrine.

There have been proposals made that a holding of invalidity should be *in rem* (i.e., a theory of unilateral estoppel).⁶⁵ Proponents of *in rem* invalidity maintain that: after a patent owner has had full opportunity to say everything he could say in support of his patent, there is no reason why he should have an opportunity to re-try the issue just because he can find and pursue a different infringer. That he could get a better expert or a better lawyer or a different judge the second time is no sufficient reason. . . .

Besides, if the second case should uphold the patent, the second infringer would be subject to the patent and also be in competi-

⁶³ A district judge in Texas has held in favor of the patentee in over 50 percent of the patent cases tried in his court over a period of ten years. During an equal period, the federal court in New Jersey has held patents invalid in 85 percent of the cases tried. Such figures as these indicate the substantial difference in attitudes of the courts. "An Analysis of Patent Litigation Statistics," Staff Report of the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, U.S. Senate (Gov't Printing Office, 1961).

⁶⁴ Section 294 of S. 1042, 90th Cong. 1st Sess. (1967), provides that any final adjudication in a Federal Court adverse to the validity or scope of a patent claim constitutes an estoppel against the patentee and those in privity with him. Any claim held invalid would be cancelled from the patent. See also Proposal XXXIII, Report of the President's Commission on the Patent System.

⁶⁵ Report of Meeting of Council and Committee Chairmen, Woodward, Section of Patent, Trademark, and Copyright Law, American Bar Association, Feb 4-5, 1966. See also, *President Commission Report*, at 39; Wright, U.S. Patent System and the Judiciary, 47 J.P.O.S. 727.

tion with the first infringer who can legally disregard the patent.⁶⁶

It has been suggested that the above proposal is one-sided and works only against the patent owner, thus diminishing the ability of the patent system to furnish an incentive. To avoid this, it has been suggested that the patentee be required to give public notice of a fully *in rem* determination on validity six months prior to the commencing of an infringement suit, so anyone can come in and contest the validity of the patent.⁶⁷ The effect of such a determination would be conclusive against all. To be effective, such a proposal would require an extension of the class action concept⁶⁸ as well as the rules governing service of process.⁶⁹

In rem validity, in whatever form it may exist, still provides for many evils. For example, where a patent has consistently been held valid, a subsequent holding of invalidity by a state court, or in a federal court where a judge is totally unfamiliar with the protection of intellectual property, and the application of the patent laws to the various technologies⁷⁰ would be harsh and unjust to the patentee. Furthermore, *in rem* validity would encourage a more intensified forum shopping⁷¹ which would take the form of studying the decisions of the various Federal Courts of Appeal and the opinions of particular judges in selecting the judicial district which would be most favorable to commence an action (i.e., for patent infringement or an action for declaratory judgment).

⁶⁶ See American Bar Association proceedings, Section of Patent, Trademark, and Copyright Law, Section XXIII (1967).

⁶⁷ Fed. R. Civ. P. 23.

⁶⁸ Fed. R. Civ. P. 69.

⁶⁹ See Soans, "The Courts—Our Number One Problem," 9 *Idea* 639 (1966). This short article discusses the reason why judges have acquired a negative attitude toward patents.

⁷⁰ It would be to the patentee's advantage to commence a patent infringement suit in a circuit and district which appear to be favorable to patents. The patentee's choice of forum is limited under the special venue statute (28 U.S.C. 1400(b)) to the district of the defendant's residence or incorporation or to any district where the defendant has committed an act of infringement and maintains a regular and established place of business. The potential defendant has a much wider choice of forum under 28 U.S.C.

Judge Arthur M. Smith, of the Court of Customs and Patent Appeals, suggests the establishment of a specialized, Article III, Court of Patent Appeals,⁷² consisting of a panel of qualified patent judges, and transfer to it the appellate jurisdiction (involving issues of patent infringement), as well as the jurisdiction in the CCPA and the Court of Appeal for the District of Columbia.⁷³ Many reasons have been set forth in support of such a proposal.⁷⁴ Some of these are: (1) it would reduce the duration and cost of litigation, (2) it would lessen the volume of litigation, (3) it would enable uniform interpretation of the law, (4) the judges for this court would be specialists in the application of patent law, (5) greater certainty as to rights of inventors and interest of the public because the court's decision is effective throughout the United States.⁷⁵

The proposal for a court of patent appeals has also been the subject of much criticism. It has been argued that such a court would place an undue burden of expense on litigants because of the great traveling expenses.⁷⁶ Such a court would also tend to channelize the patent law into its own peculiar lines divorced from the development of the law as a whole.⁷⁷ This would be

¹⁹⁹¹. Thus a party threatened with an infringement suit by a corporation will frequently commence an action for declaratory judgment of invalidity and noninfringement in a circuit and district regarded as hostile toward patents.

⁷² For a history of the bills presented to Congress to establish a court of patent appeals, see Conway, *Single Court of Patent Appeals—A Legislative History*, Report of the Subcommittee on Patents, Trademarks, and Copyrights of the Committee on the Judiciary, U.S. Senate (Govt. Printing Office, 1959).

⁷³ See chapter 13, 35 U.S.C. (1964). See also Conway, *op. cit. supra* note 72.

⁷⁴ Conway, *supra* note 72, at 32-33.

⁷⁵ See also, Reynolds, *In Favor of a Single Court of Patent Appeals*, 13 *POS* 596 (1931). Rice, *A Court of Patent Appeals*, 17 *J.P.O.S.* 18 (1935); Brown, *The Situation Confronting Our Patent System*, 31 *J.P.O.S.* 159, 180 (1939); Zugstetter, *Suggestions for Some Improvement in our Patent System*, 23 *POS* 62 (1941); Woodward, *Patents and Administrative Law*, 55 *Harv. L. Rev.* 950, 960 (1942).

⁷⁶ See Merton, *Comments and Observation Concerning Recommendations in Report of the National Patent Planning Commission*, 26 *POS* 117, 125 (1944); Lane, *Why a Single Court of Patent Appeals is not Necessary*, 13 *J.P.O.S.* 569 (1931).

⁷⁷ "I think it might be desirable to have one court of patent appeals provided, with this proviso, and I for myself would regard it as absolutely

most unhealthy because license agreements are essentially contracts, an infringement is essentially a trespass, patent rights are a species of property rights, proof in patent litigation follows the rules of evidence, etc.⁷⁸ Also, patent cases frequently involve questions of other areas of the law such as unfair competition, antitrust law, trademarks, copyrights, and contract law. It would seem unsound to channel all these questions to a single court especially where some of these questions are controlled by local law.⁷⁹ In addition, such a proposal may run counter to the belief that patent controversies may best be handled by a nonspecialized judiciary.⁸⁰

It has been suggested by Judge Smith that the appointment of specialized judges to the various federal district courts and courts of appeals throughout the ten circuits, so that the other members of the bench can be guided and assisted by those who know something of the patent law field and its problems.⁸¹

The need for such specialists was recognized long ago by Judge Learned Hand:⁸²

I cannot stop without calling attention to the extraordinary condition of the law which makes it possible for a man without any knowledge of even the rudiments of chemistry to pass on such questions as these. . . . In Germany . . . the court summons technical judges to whom technical questions are submitted and critical that is that it should be a rotating court. I do not want to have a court of specialists, because we all get in love with ourselves." Parke Davis & Co. v. H. K. Mulford Co., 189 F. 95, 132 (Hand). See also Rifkind, *A Special Court for Patent Litigation? The Danger of a Specialized Judiciary*, 37 A.B.A. Jour. 425 (1951) wherein the author maintains that in time such a body of law, secluded from the rest, develops a jargon of its own thought patterns which are unique, internal policies which it subverts and sometimes at odds with the policies pursued by the general law.⁷⁸

⁷⁸ Rifkind, *supra* note 77.

⁷⁹ See Frost, "The Patent System and the Modern Economy," Report of the Subcommittee on Patents, Trademarks, and Copyrights, of the Committee on the Judiciary, U.S. Senate (Gov't. Printing Office, 1957).

⁸⁰ Wright, *U.S. Patent System and the Judiciary*, 47 J.P.O.S. 727, at 732 (1965).

⁸¹ Smith, "Specialized Patent Judges," American Bar Association, Section of Patent, Trademark and Copyright Law, at 84 (1966). See also, American Patent Law Association, Report of the Special Committee to Study the Patent System, at 12 (1966).

⁸² Parke Davis & Co. v. H. K. Mulford Co., *supra* note 77, at 115.

who can intelligently pass upon the issues without blindly groping among testimony upon matters wholly out of their ken.

This proposal overlooks the reason for such an appointment of specialized judges to the bench. It is not because of the ordinary judge's lack of knowledge of patent law, but rather because of his specialty in a particular technology. The main disadvantages of such a scheme are two-fold. There is always the risk that the "patent member" of a court of appeals panel would tend to dominate patent decisions even though he may only have a minority voice. Furthermore, the expert will not be an expert in all technical areas. If the judge is a mechanical engineer, he might be very helpful in interpreting the claims of a mechanical case. However, he may be of little help in the understanding of the claims of a chemical invention.

Among other proposals which have been the subject of much discussion and debate include: (a) technical assistants be assigned to the various federal courts,⁸³ (b) separate determination of validity of a patent by a tribunal of technically qualified patent specialists in the executive branch of the judicial branch in an adversary proceeding instituted by the patentee or any other person. The effect of such a decision would be *in rem*.⁸⁴

The above proposals will help reduce, to an extent, the problems of litigation costs, repetitive nature of patent litigation, and the great uncertainty associated with patent litigation. However, the proposals discussed above will have other harmful effects on the judiciary and the patent system as a whole. It is felt, therefore, that an alternative proposal should be made.

It is hereby proposed that where a patentee's claims are held invalid by a court of competent jurisdiction, the patentee may either disclaim the invalid claims [i.e. by

⁸³ Whinery, *The Role of the Court Expert in Patent Litigation*, Study of the Subcommittee on Patent Trademarks, and Copyrights, of the Committee on the Judiciary, U.S. Senate (Gov't. Printing Office, 1958). A study of the function of a neutral expert in patent litigation is presented in great depth.

⁸⁴ Section of Patent, Trademark, and Copyright Law, American Bar Association (1966) at page 46.

terminal disclaimer, 25 U.S.C. §253 (1964)] or he may proceed against another infringer within a reasonable time. In the event the claims are *again* held invalid, the plaintiff will be held liable, except under exceptional circumstances, for both litigation costs,⁸⁵ as well as reasonable attorney's fees.⁸⁶

This provision would constitute a logical extension of the present statute where "the court in *exceptional cases* may award reasonable attorney's fees to the prevailing party."⁸⁷ This statute has been employed by courts, on a limited basis, where there has been a gross injustice to an alleged infringer.⁸⁸ One of the objects of the proposal is to discourage vexatious and unjustified litigation and should be invoked when, and only when, such is clearly shown.⁸⁹

The proposal will be consistent with past legislative policy against permitting recovery of attorney's fees as the ordinary thing in patent suits. Furthermore, the proposal is entirely consistent with recent judicial developments which preclude a patentee from asserting his rights contrary to public interest.⁹⁰

The legal effect of such a statutory provision would merely raise a presumption that the patentee's conduct

⁸⁵ 28 U.S.C. 1920 provides for items comprising costs. A judge or clerk of any court of the United States may tax as costs the following:

- (1) fees of the clerk and marshal
- (2) fees of court reporters for all or any part of the stenographic transcript necessarily obtained for use in the case
- (3) fees and disbursements for printing and witnesses
- (4) fees for exemplification and copies of paper necessarily obtained for use in the case

(5) docket fees 1923 of title 28

⁸⁶ See *Tidewater v. Kitchen*, 152 U.S.P.Q. 36 (4th Cir. 1967) when a similar application of the proposal is considered.

⁸⁷ 35 U.S.C. § 285 (1964) (Emphasis added).
⁸⁸ Fees have been awarded where the conduct of the party is characterized as unfair or vexatious or involving bad faith or some other equitable consideration which makes it unjust that that prevailing party should be left to bear the burden of his counsel fees. See *Plymouth Rubler Co. v. Minnesota Mining & Mfg. Co.*, 133 U.S.P.Q. 173, 177 (D. Mass. 1962).

⁸⁹ It is not contemplated that the recovery of attorney's fees will become an ordinary thing in patent suits.... The provision is also made general so as to enable the court to prevent a gross injustice to an alleged infringer.

⁹⁰ See e.g., *Merck & Co. v. Mid-Continent Inv. Co.*, 320 U.S. 661 (1944); *Edward Katzinger Co. v. Chicago Metallic Mfg. Co.*, 329 U.S. 394 (1947); *Morton Salt Co. v. G. S. Suppiger Co.*, 314 U.S. 488 (1942).

in commencing the action against the infringer is unjust. The patentee would then have the burden to show the good faith of this action against the infringer in order to destroy the presumption. The net effect of this provision is to discourage one from continually relitigating his patent rights against alleged infringers which contributes to the great backlog of patent infringement suits. Such a provision would also materially reduce the evils that would arise if any of the above discussed proposals were to be adopted. It is essential that Congress act now because the fact remains that unless, and until, the present law is changed, patent litigation will continue to be subject to repetitious patent suits, and unnecessary litigation costs, in addition to the great burden on the judicial machinery to handle the great backlog of cases.